



PSC NEWS

Missouri Public Service Commission

Contact: Gregg Ochoa
FY-06-224

Phone: (573) 522-2760

Governor Office Building, Suite 600

FOR IMMEDIATE RELEASE

MAY 30, 2006

CASS COUNTY TELEPHONE AGREES TO PAY CUSTOMERS \$3.6 MILLION TO SETTLE OVEREARNINGS COMPLAINT

*CassTel agrees to pay additional \$1 million penalty
for providing false information to the Missouri Public Service Commission*

JEFFERSON CITY—Cass County Telephone Company (CassTel) will pay a \$1 million fine – the largest ever imposed by the Missouri Public Service Commission (PSC) on a Missouri regulated utility – under an agreement approved by the PSC. This case resolves a PSC Staff complaint brought against the telephone company for alleged violations of law by its former president, Kenneth Matzdorff, that included activities related to organized crime. The \$1 million penalty will go to the Public School Fund.

The PSC order noted that none of the penalty imposed on CassTel will be recovered from the ratepayers of the Company.

In a second agreement approved by the Commission, CassTel customers will receive one-time bill credits totaling approximately \$350,000, or approximately \$40 per customer. CassTel would also pay \$3.25 million to qualifying customers, with those customers receiving approximately \$400 per customer. Those payments and customer bill credits are contingent upon the sale of the company, which is expected to be completed in July.

In addition, the company must pay \$500,000 to other telecommunication carriers that have paid for switched access services from CassTel from January 1, 2005 through April 30, 2006. The telephone company will also be under a two year rate freeze. The agreement resolves issues associated with a PSC Staff earnings investigation of the telephone company.

The Commission has also approved the transfer of assets of Cass County Telephone Company to FairPoint Communications, moving CassTel assets allegedly associated with organized crime to FairPoint once the final sale is completed. According to the order, assets of Cass County Telephone Company Limited Partnership (CassTel) and LEC Long Distance, Inc. d/b/a CassTel Long Distance (CassTel LD) will be transferred to FairPoint Communications, Inc.; FairPoint Communications Missouri, Inc. d/b/a FairPoint Communications (FPC); and ST Long Distance, Inc. d/b/a FairPoint Communications Long Distance (FPCLD).

CassTel and CassTel LD will end service in Missouri upon final sale to FairPoint. FairPoint and FairPoint LD will provide those services to the areas currently served by CassTel and CassTel LD. Neither FairPoint or FairPoint LD propose any changes in the rates, terms and conditions that are currently provided to customers of CassTel and CassTel LD.